



**BILLING CODE: 4910-81-P**

**DEPARTMENT OF TRANSPORTATION**

**Maritime Administration**

**[Docket No. USCG-2015-0472]**

**Deepwater Port License Application: Delfin LNG LLC; Delfin LNG Deepwater Port; Final Application Public Hearing and Final Environmental Impact Statement**

**AGENCY:** Maritime Administration, U.S. Department of Transportation

**ACTION:** Notice of Availability; Notice of Public Hearing; Request for Comments.

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**SUMMARY:** The Maritime Administration (MARAD), in cooperation with the U.S. Coast Guard (USCG) and the Federal Energy Regulatory Commission (FERC), announces: (1) the schedule and locations of public hearings; and (2) the availability of the Final Environmental Impact Statement (EIS) for the Delfin LNG, LLC (Delfin LNG) deepwater port license application for the exportation of natural gas.

A Notice of Application that summarized the original Delfin LNG deepwater port license application was published in the **Federal Register** on July 16, 2015 (80 FR 42162). A Notice of Intent (NOI) to Prepare an Environmental Impact Statement (EIS) and Notice of Public Meetings was published in the **Federal Register** on July 29, 2015 (80 FR 45270). A Notice of Receipt of Amended Application was published in the **Federal Register** on December 24, 2015 (80 FR 80455). A Notice of Availability (NOA) and Notice of Public Meetings for the Draft EIS was published in the **Federal Register** July 15, 2016 (81 FR 46157). This NOA incorporates the aforementioned Notices by reference.

The proposed Delfin LNG deepwater port would be located in Federal waters within the Outer Continental Shelf (OCS) approximately 37.4 to 40.8 nautical miles off the coast of Cameron Parish, Louisiana.

The proposed Delfin LNG deepwater port incorporates onshore components, which are subject to FERC jurisdiction. These facilities are described in the section of this Notice titled “FERC Application.”

Publication of this notice begins a 45-day comment period, requests public participation in the environmental impact review process, provides information on how to participate in the process and announces final public hearings in Cameron, Louisiana and Beaumont, Texas. The Final EIS complies with the Deepwater Port Act of 1974, as amended (33 United States Code (U.S.C.) 1501 et seq.) (DWPA) and the National Environmental Policy Act (42 U.S.C. 4332(2)(C)) (NEPA), as implemented by the Council on Environmental Quality regulations (40 C.F.R. 1500 to 1508). MARAD and the USCG request public comments on the Final EIS and the application.

Pursuant to the criteria provided in the DWPA, both Louisiana and Texas have been designated as Adjacent Coastal States (ACS) for this application.

**DATES:** MARAD and USCG will hold two public hearings in connection with the license application’s Final EIS. The first public hearing will be held in Cameron, Louisiana, on December 13, 2016, from 6 p.m. to 8 p.m. The second public hearing will be held in Beaumont, Texas, on December 14, 2016, from 6 p.m. to 8 p.m. Each public hearing will be preceded by an open house from 4:30 p.m. to 5:30 p.m. The public hearing may end later than the stated time, depending on the number of persons who wish to make a comment on the record. Additionally, material you submit in response to the

request for comments must reach [www.regulations.gov](http://www.regulations.gov) by close of business January 12, 2017, or 45 days after the date of publication of this NOA in the Federal Register, whichever is later.

Federal and State agencies must also submit comments, recommended conditions for licensing, or letters of no objection by Friday, January 12, 2017, or 45 days after publication of this notice in the Federal Register, whichever is later. Also, within 45 days following the final hearing, on or prior to January 30, 2017, the Governor of Louisiana and the Governor of Texas (ACS Governors) may approve, disapprove, or notify MARAD of inconsistencies with State programs relating to environmental protection, land and water use, and coastal zone management for which MARAD may ensure consistency by placing conditions on the license.

MARAD must issue a Record of Decision (ROD) to approve, approve with conditions, or deny the deepwater port license application, within 90 days following the final license hearing, on or prior to March 14, 2017.

**ADDRESSES:** The open house and public hearing in Cameron, Louisiana will be held at the Johnson Bayou Community Center, 5556 Gulf Beach Highway, Cameron, LA, 70631; telephone: 337-569-2454. Free parking is available at the Community Center. The open house and public hearing in Beaumont, Texas will be held at the Holiday Inn Beaumont Plaza, 3950 Walden Road, Beaumont, Texas 77705; telephone: 409-842-5995. Free parking is available at the Holiday Inn Beaumont Plaza.

The license application, comments, supporting information and the Final EIS are available for viewing at the Regulations.gov website: <http://www.regulations.gov> under docket number USCG-2015-0472.

We encourage you to submit comments electronically through the Federal eRulemaking Portal at <http://www.regulations.gov>. If you submit your comments electronically, it is not necessary to also submit a hard copy. If you cannot submit material using <http://www.regulations.gov>, please contact either Mr. Roddy Bachman, USCG or Ms. Yvette M. Fields, MARAD, as listed in the following “FOR FURTHER INFORMATION CONTACT” section of this document. This section provides alternate instructions for submitting written comments. Additionally, if you go to the online docket and sign up for email alerts, you will be notified when comments are posted. Anonymous comments will be accepted. All comments received will be posted without change to <http://www.regulations.gov> and will include any personal information you have provided.

**FOR FURTHER INFORMATION CONTACT:** Mr. Roddy Bachman, USCG, telephone: 202-372-1451, email: *Roddy.C.Bachman@uscg.mil*; or Ms. Yvette M. Fields, Director, Office of Deepwater Ports and Offshore Activities, MARAD, telephone: 202-366-0926, email: *Yvette.Fields@dot.gov*.

#### **SUPPLEMENTARY INFORMATION:**

##### **Request for Comments**

We request public comments on the Final EIS and the application. We also encourage attendance at the open houses and public hearings; however, the public hearing is not the only opportunity you have to comment. You may submit comments electronically at any time, as described in above in “ADDRESSES”, to <http://www.regulations.gov> under docket number USCG-2015-0472.

Regardless of the method you use to submit comments or material, all

submissions will be posted, without change, to the Federal Docket Operations Facility website (<http://www.regulations.gov>), and will include any personal information you provide. Therefore, submitting this information makes it public. You may wish to read the Privacy and Use Notice that is available on the <http://www.regulations.gov> website, and the Department of Transportation (DOT) Privacy Act Notice that appeared in the Federal Register on April 11, 2000 (65 FR 19477), see PRIVACY ACT. You may view docket submissions at the DOT Docket Operations Facility or electronically at the <http://www.regulations.gov> website.

### **Public Hearing and Open House**

The open houses, public hearings and docket comments will be used by MARAD to inform the Maritime Administrator's decision making process, including the ROD and any conditions that may be placed on a subsequent license to own, construct and operate a deepwater port.

You are invited to learn about the proposed Delfin LNG deepwater port at either of the informational open houses and to comment at the public hearings on the proposed action and the environmental impact analysis contained in the Final EIS. Speakers may register upon arrival and will be recognized in the following order: 1) elected officials; 2) public agency representatives; then 3) individuals or groups in the order in which they registered. In order to accommodate all speakers, speaker time may be limited, hearing hours may be extended, or both. Speakers' transcribed remarks will be included in the public docket. You may also submit written material for inclusion in the public docket. Written material must include the author's name. We ask attendees to respect the hearing process in order to ensure a constructive information-gathering session. Please do not

bring signs or banners inside the hearing venue. The presiding officer will use his/her discretion to conduct the hearing in an orderly manner.

Public hearing locations are wheelchair accessible; however, attendees who require special assistance such as sign language interpretation or other reasonable accommodation, should notify the USCG (see **FOR FURTHER INFORMATION CONTACT**) at least five (5) business days in advance. Please include contact information as well as information about specific needs.

### **Background**

On May 8, 2015, as supplemented on June 19, 2015, MARAD and USCG received an application from Delfin LNG for all Federal authorizations required for a license to own, construct and operate a deepwater port for the export of natural gas. The proposed deepwater port would be located in Federal waters approximately 37.4 to 40.8 nautical miles off the coast of Cameron Parish, Louisiana. Louisiana and Texas were designated as ACSs for the Delfin LNG license application. A Notice of Application was published in the **Federal Register** on July 16, 2015 (80 FR 42162).

On July 29, 2015, a NOI to Prepare an EIS and Notice of Public Meetings was published in the **Federal Register** (80 FR 45270). MARAD and USCG hosted two public scoping meetings in connection with the original Delfin LNG deepwater port license application.<sup>1</sup> The first public scoping meeting was held in Lake Charles, Louisiana on August 18, 2015; the second public scoping meeting was held in Beaumont, Texas on August 19, 2015. Transcripts of the scoping meetings are included in the public docket. After the public scoping meetings concluded, Delfin LNG advised MARAD, the

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<sup>1</sup> The Federal Energy Regulatory Commission did not have a representative in attendance; however, to the extent any were made, comments related to the construction and operation of the FERC jurisdictional Delfin Onshore Facility were received into the administrative record.

USCG and FERC of its intent to amend the original license application.

In anticipation of the amended license application, MARAD and USCG issued a regulatory “stop-clock” letter to Delfin LNG on September 18, 2015. That letter commenced a regulatory “stop-clock,” effective September 18, 2015, which remained in effect until MARAD and USCG received the amended license application and determined it contained sufficient information to continue the Federal review process. On November 19, 2015, Delfin LNG submitted its amended license application to MARAD and USCG and a Notice of Receipt of Amended Application was published in the **Federal Register** on December 24, 2015 (80 FR 80455).

Working in coordination with participating Federal and State agencies, MARAD and USCG commenced processing the amended license application and completed the Draft EIS. A NOA and Notice of Public Meetings for the Draft EIS was published in the **Federal Register** July 15, 2016 (81 FR 46157). MARAD and the USCG hosted two Draft EIS public meetings in connection with the Delfin LNG deepwater port license application. The first public meeting was held in Cameron, Louisiana on August 9, 2016; the second public scoping meeting was held in Beaumont, Texas on August 10, 2016. Transcripts of the scoping meetings are included in the public docket under docket number USCG-2015-0472.

The Final EIS, application materials and associated comments are currently available for public review at the Federal docket website: [www.regulations.gov](http://www.regulations.gov) under docket number USCG-2015-0472.

## **Proposed Action and Alternatives**

USCG and MARAD are co-lead Federal agencies for the preparation of the Final EIS; MARAD is the Federal licensing agency (action agency). The proposed action requiring environmental review is the Federal licensing of the proposed deepwater port described in the “Summary of the License Application” below. The alternatives to licensing the proposed port are: (1) licensing with conditions (including conditions designed to mitigate environmental impact) and (2) denying the application, which, for purposes of environmental review, is the “no-action” alternative. These alternatives are more fully discussed in the Final EIS. You can address any questions about the proposed action or the Final EIS to USCG or MARAD project managers identified in **FOR FURTHER INFORMATION CONTACT.**

#### **Summary of the License Application**

Delfin LNG has applied for a MARAD-issued license to construct, own, operate and eventually decommission a deepwater port in the Gulf of Mexico to liquefy domestically-sourced natural gas for export. Exports are proposed to both Free Trade Agreement nations and non-Free Trade Agreement nations, in accordance with the Department of Energy export license approvals.

The proposed Delfin LNG deepwater port has both onshore and offshore components. The proposed Delfin LNG deepwater port would be located in Federal waters within the OCS West Cameron (WC) Area, West Addition Protraction Area (Gulf of Mexico) approximately 37.4 to 40.8 nautical miles off the coast of Cameron Parish, Louisiana, in water depths ranging from approximately 64 to 72 feet (19.5 to 21.9 meters). The Delfin LNG deepwater port would consist of four semi-permanently moored Floating Liquefied Natural Gas Vessels (FLNGVs) located as follows: No. 1

(29° 8' 13.1" N/93° 32' 2.2" W), No. 2 (29° 6' 13.6" N/93° 32' 42.4" W), No. 3 (29° 6' 40.7" N/93° 30' 10.1" W) and No. 4 (29° 4' 40.9" N/93° 30' 51.8" W) located in WC lease blocks 319, 327, 328 and 334, respectively. The Delfin LNG deepwater port would reuse and repurpose two existing offshore natural gas pipelines; the former U-T Operating System (UTOS) pipeline and the High Island Offshore System (HIOS) pipeline. Four new 30-inch diameter pipeline laterals, each approximately 6,400 feet in length, connecting the HIOS pipeline to each of the FLNGVs, would be constructed. In addition, a 700-foot 42-inch diameter new pipeline would be constructed to bypass a platform at WC lease block 167 (WC 167) and connect the UTOS and HIOS pipelines. Feed gas would be supplied through the new pipeline laterals to each of the FLNGVs where it would be super-cooled to produce LNG. The LNG would be stored onboard the FLNGVs and transferred via ship-to-ship transfer to properly certified LNG tankers. Each of the FLNGVs would be semi-permanently moored to four new weathervaning tower yoke mooring systems (TYMS).

The onshore components in Cameron Parish, Louisiana are described specifically in an application originally submitted to FERC (see **FERC Application**). The onshore components of the Delfin LNG deepwater port would consist of constructing and operating a new natural gas compressor station, gas supply header and a metering station at an existing gas facility. The proposal would require: (1) reactivation of approximately 1.1 miles of existing 42-inch pipeline, formerly owned by UTOS, which runs from Transcontinental Gas Pipeline Company Station No. 44 (Transco Station 44) to the mean highwater mark along the Cameron Parish Coast; (2) installation of 120,000 horsepower of new compression; (3) construction of 0.25 miles

of 42-inch pipeline to connect the former UTOS line to the new meter station; and (4) construction of 0.6 miles of twin 30-inch pipelines between Transco Station 44 and the new compressor station.

Onshore pipeline quality natural gas from the interstate grid would be sent to the existing, but currently idle, 42-inch UTOS pipeline. The gas transported through the UTOS pipeline would then bypass the existing manifold platform located at WC 167 via a newly installed pipeline segment, 700 feet in length, connecting to the existing 42-inch HIOS pipeline.

The bypass of the WC 167 platform would be trenched so that the top of the pipe is a minimum of 3 feet below the seafloor. From the bypass, the feed gas would then be transported further offshore using the HIOS pipeline portion leased by Delfin LNG between WC 167 and High Island A264 OCS lease block. The existing UTOS and HIOS pipelines transect OCS Lease Blocks WC 314, 318, 319, 327 and 335, and would transport feed gas from onshore to offshore (one-directional flow). Delfin LNG proposes to install four new lateral pipelines along the HIOS pipeline, starting approximately 16.0 nautical miles south of the WC 167 platform. Each subsea lateral pipeline would be 30 inches in diameter and approximately 6,400 feet in length, extending from the HIOS pipeline to the Delfin LNG deepwater port. The maximum allowable operating pressure of the pipeline system (UTOS, bypass, HIOS and laterals) would be 1,250 pounds per square inch gauge (psig).

The FLNGVs would receive pipeline quality natural gas via the laterals and TYMS, and then, using onboard liquefaction equipment, cool it sufficiently to completely condense the gas and produce LNG. The produced LNG would be stored in

International Maritime Organization (IMO) type B, prismatic, independent LNG storage tanks aboard each of the FLNGVs. Each vessel would have a total LNG storage capacity of 210,000 cubic meters (m<sup>3</sup>).

An offloading mooring system would be provided on each FLNGV to moor an LNG tanker side-by-side for cargo transfer of LNG through loading arms or cryogenic hoses using ship-to-ship transfer procedures. LNG tankers would be moored with pilot and tug assist. The FLNGVs would be equipped with fenders and quick-release hooks to facilitate mooring and unmooring operations. The offloading system would be capable of accommodating standard LNG tankers with nominal cargo capacities up to 170,000 m<sup>3</sup>. Delfin LNG estimates that the typical LNG cargo transfer operation would be carried out within 24 hours, including LNG tanker berthing, cargo transfer and sail-away. Approximately 31 LNG tankers are expected to visit each of the four FLNGVs per year for a total of up to 124 cargo transfer operations per year. Each LNG tanker would be assisted by up to three tugs during approach and mooring and up to two tugs while departing the Delfin LNG deepwater port.

The FLNGVs would be self-propelled vessels and have the ability to disconnect from the TYMS and set sail to avoid hurricanes or to facilitate required inspections, maintenance and repairs.

In the nominal design case, based on an estimated availability of 92 percent and allowance for consumption of feed gas during the liquefaction process, each of the four FLNGVs would produce approximately 146 billion standard cubic feet per year (Bscf/y) of gas (approximately 3.0 million metric tonnes per annum [MMtpa]) for export in the form of LNG. Together, the four FLNGVs are designed to have the

capability to export 585 Bscf/y of gas (approximately 12.0 MMtpa).

As detailed engineering and equipment specification advances during the design process and operating efficiencies are gained post-commissioning, the liquefaction process could perform better than this nominal design case. It is anticipated that LNG output could improve to as much as 657.5 Bscf/y in the optimized design case (approximately 13.2 MMtpa) which is the amount Delfin LNG is requesting authorization to export.

The proposed Delfin LNG deepwater port would take a modular implementation approach to allow for early market entry and accommodate market shifts. Offshore construction activities are proposed to begin at the end of the first quarter of 2018 and would be completed in four stages, with each stage corresponding to the commissioning and operation of an FLNGV. The anticipated commissioning of FLNGV 1 is the third quarter of 2019 with start-up of commercial operation of FLNGV 1 by the end of 2019. It is anticipated that FLNGVs 2 through 4 would be commissioned 12 months apart. Following this schedule and barring unforeseen events, the Delfin LNG deepwater port would be completed and all four FLNGVs would be fully operational by the summer of 2022.

Should a license be issued, the Delfin LNG deepwater port would be designed, fabricated, constructed, commissioned, maintained, inspected and operated in accordance with applicable codes and standards and with USCG oversight as regulated under Title 33, Code of Federal Regulations (CFR), subchapter NN-Deepwater Ports (33 CFR 148, 149 and 150). This includes applicable waterways management and regulated navigations areas, maritime safety and security requirements, risk assessment and

compliance with domestic and international laws and regulations for vessels that may call at the port.

### **FERC Application**

On May 8, 2015, Delfin LNG filed its original application with FERC requesting authorizations pursuant to the Natural Gas Act and 18 CFR Part 157 for the onshore components of the proposed deepwater port terminal including authorization to use the existing pipeline infrastructure, which includes leasing a segment of pipeline from HIOS extending from the terminus of the UTOS pipeline offshore. On May 20, 2015, FERC issued its *Notice of Application* for the onshore components of Delfin LNG's deepwater port project in Docket No. CP15-490-000. This Notice was published in the **Federal Register** on May 27, 2015 (80 FR 30226). Delfin LNG stated in its application that High Island Offshore System, LLC would submit a separate application with FERC seeking authorization to abandon by lease its facilities to Delfin LNG. FERC, however, advised Delfin LNG that it would not begin processing Delfin LNG's application until such time that MARAD and USCG deemed Delfin LNG's deepwater port license application complete and High Island Offshore System, LLC submitted an abandonment application with FERC. On June 29, 2015, MARAD and USCG accepted the documentation and deemed the original Delfin LNG license application complete.

On November 19, 2015, High Island Offshore System, LLC filed an application (FERC Docket No. CP16-20-000) to abandon certain offshore facilities in the Gulf of Mexico, including its 66-mile-long mainline, an offshore platform and related facilities ("HIOS Repurposed Facilities"). Accordingly, on November 19, 2015, Delfin LNG filed an amended application in FERC Docket No. CP15-490-001 to use the HIOS Repurposed

Facilities and to revise the onshore component of its deepwater port project. On December 1, 2015, FERC issued a *Notice of Application* for Delfin LNG's amendment, which was published in the **Federal Register** on December 7, 2015 (80 FR 76003).

The amended FERC application specifically discusses the onshore facility and adjustments to the onshore operations that would involve reactivating approximately 1.1 miles of the existing UTOS pipeline; the addition of four new onshore compressors totaling 120,000 horsepower of new compression; activation of associated metering and regulation facilities; the installation of new supply header pipelines (which would consist of 0.25 miles of new 42-inch-diameter pipeline to connect the former UTOS line to the new meter station); and 0.6 miles of new twin 30-inch-diameter pipelines between Transco Station 44 and the new compressor station site.

Additional information regarding the details of Delfin LNG's original and amended application to FERC is on file and open to public inspection. Project filings may be viewed at the [www.ferc.gov](http://www.ferc.gov) website using the "eLibrary" link. Enter the docket number excluding the last three digits (i.e., CP15-490) in the docket number field to access project information. For assistance, please contact FERC at FERCOOnlineSupport@ferc.gov or call toll-free, (886) 208-3676 or TYY, (202) 502-8659.

### **Privacy Act**

In accordance with 5 USC 553(c), DOT/MARAD solicits comments from the public to better inform its rulemaking process. DOT/MARAD posts these comments, without edit, to [www.regulations.gov](http://www.regulations.gov), as described in the system of records notice, DOT/ALL-14 FDMS, accessible through [www.dot.gov/privacy](http://www.dot.gov/privacy). In order to facilitate comment tracking and response, we encourage commenters to provide their name, or the

name of their organization; however, submission of names is completely optional.

Whether or not commenters identify themselves, all timely comments will be fully considered. If you wish to provide comments containing proprietary or confidential information, please contact the agency for alternate submission instructions.

(Authority: 33 U.S.C. 1501 *et seq.*, 49 CFR 1.93(h)).

**Dated: November 8, 2016**

**By Order of the Maritime Administrator.**

**T. Mitchell Hudson, Jr.,**

**Secretary, Maritime Administration**

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